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CHECCHI AND COMPANY
WORK PERFORMED BY THE ADVISORY TEAM
AFC MANAGEMENT PROJECT EVALUATION
NOVEMBER 24 - 27, 1975

A.I.D.
Reference Center
Room 1656 HS

INTRODUCTION

The purpose of this paper is to respond to Items 4 (A) and 4 (B) of State Cable 250534 Setting forth a detailed agenda for the evaluation of the Afghan Fertilizer Management Project. Section A of this paper reviews the targets and tasks set out in a table entitled "Bases for Advisor Evaluation" dated May 18, 1975 and compares/B of this paper deals with problems encountered and recommendations concerning needs for advisory services in the future.

A. Targets and Tasks Compared with Actual Achievement.

A. 1. Methods of Comparison

STATE Cable 250504 calls for "Review of targets and tasks set out in table entitled "Bases for Advisor Evaluation dated May 18, 1975 (attachment to letter of September 23, 1975 from J. G. Hartsig to John Standish) and comparison with actual achievements."

Subsection A.3 of this section represents a summary comparison of the targets and tasks with actual achievement. On the whole, this comparison presents a ~~rather~~ ^{RATHER} favorable picture of performance

against targets. However, the scope of the tasks described in "Bases for Advisor Evaluation" is somewhat narrower ~~than~~ **THAN THE** full range of activities performed by the advisors. ~~For this reason,~~ subsection A.2 of this section presents the work of the advisors in a broader and somewhat more comprehensive framework.

A. 2. Work Accomplishment

In this section, we follow the outline of advisors' responsibilities contained in the letter of November 18, 1974 from the AFC Management Committee to Mr. Vincent W. Brown, Director, USAID/A, Kabul. Items pertaining to the table "Bases for Advisor Evaluation" are starred. Each of the starred items are cross-referenced to the tasks listed in the table. The table and a list of the tasks, is presented in Section A.3 below. As noted in Section B.3 below, most of the work of the advisors has consisted of day-to-day advice and assistance. The emphasis in the account of work accomplishment presented in this section, however, is on those activities which have resulted in discrete work products such as reports, memoranda, files, and other documentation.

Item I. Finance

*I-1. Development of detailed guidelines regarding budgeting.

Detailed guidelines had been previously prepared, distributed and used. During November 1975 we were notified by the Ministry of

Finance that we would have to submit a budget according to a format set up for Afghanistan. Currently this is being translated. New budgeting procedures will be prepared to make the necessary adjustments. These procedures will provide the detail needed by AFC and the form required by the Ministry of Finance. Due to the time factor budget work is progressing in the Regions and Home Office.

(A - 2 - C)

*I-2. Further improvements and procedures in fertilizer sales, documentation etc.

During the period prior to the advisory status of the team accounting procedures were established. During a Marketing Seminar in Saratan (June-July) the translated copies of these procedures were distributed. Work was going on to establish uniform Invoicing Procedures, handling of Retailer forms and adding to the reporting systems for financial control data.

A manual with the title "Procedures and Forms Connected with Invoicing and Retailer Accounts was completed, translated, and distributed to Home Office and Regional Offices. During Aqrah (Oct-Nov) Seminars have been held for the Home Office and Regions I, II, and IV. The purpose of the Seminars is to make certain that all personnel in AFC are aware of and are implementing these procedures.

A summary of the Table of Contents of the manual follows:

a. Retailer Invoicing Procedures - Presented to standardize invoicing procedures throughout the company.

b. Product Order - Describes the Product Order, its uses and preparation.

c. Retailer Shipping Record - This document provides a means by which the Regions will be able to control their Retailer accounts. It also provides the Home Office with a control for their accounts receivable.

d. Request for Check to Pay Retailer Freight Allowance & Commission - This document provides a single purpose form for payment of commission and freight allowance as well as the tax withholding required.

e. Monthly Recap of Deposits Made - This document was introduced in order to improve the financial reporting by Regional Offices. It supplies the Home Office with information regarding the purposes of various deposits. This document along with the Monthly Recap of Checks written allows the Home Office to check Regional Bank Balances.

f. Monthly Recap of Checks Written - This document was also introduced in order to improve the financial reporting by Regional Offices. In particular it provides the Home Office with the information required on payments to Retailers for commission, freight allowance and withholding. It also gives a summary of other payments made by check.

g. Procedures for the Preparation of Loan Form Lists - Presented to standardize preparation of Loan Form Lists and sets out duties to be performed by the Regional and Home Offices.

h. Regional Accounting Functions - Presented to strengthen financial reporting and to emphasize the requirements of the Regions regarding accounting.

In all cases the appropriate sample documents are included. The intent of the Finance Department is to add new procedures to this manual as required.

(A - 1 - a; A - 2 - b; A - 2 - c)

I - 3. Procedures and forms for providing sales by provinces, regions as well as nationally.

a. Currently sales information is provided on a very current basis by Supply & Distribution. These sales are limited to sales actually made by AFC warehouses to Retailers, Government Agencies and Farmers or Farmer Groups. They do not include sales to consigned accounts.

b. As financial data is presented total sales for AFC. compared with budgeted sales. These reports are prepared on a Quarterly basis. Forms are designed for the comparison monthly of sales on a National and Regional basis by the Finance Department. With the audit in progress for the period Ended Hoot 29, 1353 no current reports have been prepared.

c. The Marketing Department has designed Regional Reporting Forms to present sales down to the Province and District level. This procedure will be explained in the Marketing Section.

*I-4. Further improvements in comparing and analyzing actual expenses with budgeted forecasts.

a. With no current reports available, no comparisons can be made. To help management on an interim basis a weekly Activity Report of Finance Department activities was developed. This report shows current bank balances and accounts receivable compared with the prior week. Expenses and advances are presented on a weekly and cumulative basis. A bank reconciliation is also presented. Similar information is available in the Regions but it is not currently utilized.

b. The reporting system for the current year is designed to present the necessary comparisons of actual expenses with budgets for the Administration, Marketing, and Supply & Distribution Departments. Provisions are also made for the comparison of Regional Marketing Expenses.

c. A form was designed for the comparison of budgeted employees against those actually on the payroll.

(A - 3 - b)

I - 5. Development and refinement of accounting procedures and further implementing uniform procedures, particularly at Regional Levels.

a. This area is partially covered in the procedures mentioned in par. 2. These are the procedures concerning the Monthly Recap of Deposits made; the monthly recap of checks written; and Regional Accounting Functions. The additional emphasis made by the translation, presentation to each Region, and use of appropriate forms help to make these procedures more effective.

b. As previously mentioned the translation of the accounting procedures was presented at a seminar. It is planned to review the procedures, make revisions, make additions, and present sample forms and accounting pages as appropriate to the revised procedures. An example of a procedure required is one for withholding for Retailer taxes on Commissions and Freight Allowance. This procedure is needed because AFC is required to collect taxes for the Government. The delay in finalizing the procedure is due to a lack of factual information as to withholding requirements.

I - 6. Assist management in other financial and fiscal matters.

a. This subject is mainly concerned with normal assistance in day-to-day requirements by other departments. The Finance Department works closely with the Supply & Distribution and Administrative Departments in establishing letters of credit and seeing to it that the funds are available.

b. Procedures were established for the handling of Regional Bank Accounts and for the transfer of funds from those accounts to Kabul.

c. A great deal of help was provided in the finalization of the budget for 1354. After this was completed 5 year Profit and Loss Forecasts and a 5 year Cash Flow were prepared. Later there was a requirement by the Government for a 7 year plan. New assumptions were added and the financial requirements worked out.

*I-7. Development of auditing procedures for regional operational controls.

a. An Internal Audit section was set up under the direct control of the Executive Committee.

b. An Internal Audit Questionnaire was provided to this group in April. The main parts of the questionnaire are designed to check the controls provided for regional operations. There are

sections which apply both to Home Office and Regions and finally to Home Office alone.

c. A translation of the Questionnaire should be provided. It would also be helpful if an explanation of the use of the Questionnaire be provided so that Executives could use it on a selective basis in their trips to the regions.

(A - 2 - C)

*I-8. Development and implementation of a computer program.

a. The work done initially by AID on a computer program for inventory control has been lost. It was discarded by an AID employee when leaving the post.

b. The current budget has no provision for the work required to set up the program. It will be included in the 1355 budget.

c. A meeting was held in November with the Systems Manager and Senior Systems Analyst of Afghan Business Machines. All AFC procedure manuals and forms were provided to ABM so that they can review them. The intent is for another meeting to be held to discuss the possibility of a program to include inventories, sales and accounts receivable. If a cost estimate can be provided, the trial runs could be run in the first four months of 1355. If results are good, the program could be functioning for the Fall wheat Program.

(A - 2 - a; A - 3 - a)

*I-9. Procurement of more qualified personnel.

a. While all of the preceding items play an important part in improving the financial operations, the most important factor is up - grading the accounting staff. Previously a training program for employees was entered into with Ag. Bank. From this program we did acquire two fairly qualified employees.

b. In the past year, as part of his requirements for graduation, we took one student from the Institute of Industrial Management. His purpose was to learn all phases of AFC operations. Because of the apparent qualifications of this individual we requested and were assigned three more of these graduates for training and assignment to jobs. The first of these trainees and one of the three have been assigned to Regions III and IV. The other two are getting further training in the Home Office. We will make every effort to get at least four more of these graduates at the end of the current school year.

c. During the early months of the existence of AFC most of the training was done by actual performance of the jobs assigned by the most qualified personnel. Later AFC participated in the Ag. Banks training program. In this program accounting procedures were taught

to four high school graduates. We were later able to employ three of these individuals on a full time basis. While these individuals have performed fairly well, we felt a need for more qualified accounting personnel.

Regional accounting personnel are instructed by working with the Home Office personnel (Again this is instruction by doing. When new employees are hired to go to the Regions, they spend 1-1/2 - 3 months in the Home Office before assignment. During the past six months the Regional accountants have been going through the audit. This has shown them some of their problems and the training will be beneficial to AFC.

In the past year we have been able to get four graduates from the Institute of Industrial Management. These individuals are being instructed in all phases of AFC operations with particular emphasis on accounting procedures. Two of this group have been assigned to Regional Office while the other two are still being trained and will be available for assignment at a later date. It is hoped that a similar group can be trained for future employment with AFC.

In addition to this we plan to have more formal instruction for some of our lower echelon home office employees. Some of the Regional Accounting personnel will be recalled to the Home Office for further classroom instruction as well as performance of work required in normal operations. Currently on our staff is a man who has instructed in accounting at the Institute of Industrial Management.

There are also plans to send AFC accounting personnel to fertilizer companies in other countries to improve their accounting skills under conditions that should be somewhat similar to AFC in operations. This is a part of the AID Checchi contract.¹

ITEM III Supply and Distribution

*III-1. Procedures for Projecting Specific Requirements for Fertilizer

Historical data on distribution by product, by month, by warehouse and province is now tabulated to be used for effective forecasting of requirements.

(C - 3 - a; C - 3 - a)

III-2. Warehousing and Transportation - Training Program

A training Seminar was held on July for the Supply and Distribution staff to review procedure, introduce procedural changes and new strategies and discuss overall operating objectives. This seminar was conducted by headquarters staff for INE field.

¹

For Item II, see addendum on pages 27 and 28 of this paper.

staff. Advisor counseled on seminar content prepared revised procedure for presentation and participated in selected seminar sessions.

*III-3. Procedures for Accepting and Shipping Fertilizer from the Mazar UREA Plant

Advisors drafted original protocol of agreement and subsequent revisions. They participated in related negotiations protocol establishes AFC's responsibility for distribution. Advisors and staff have plans for communications on monthly plant producing truck requirements for transport, and AFC's product requirements by provinces and warehouses locations; and (2) for establishing an AFC dispatching department within the plant.

(C - 3 - a; C - 3 - b)

*4. Evaluation of Warehousing Requirements to Justify World Bank Loan for Warehouse Construction

Evaluation completed in September of 1975. Advisors analyzed information, and in cooperation with the staff recommended revisions in the original proposal including some changes in construction design and warehouse locations. In cooperation with staff advisors prepared tendering and bidding procedures and documents.

(C - 4 - a)

5. Feasibility of an AFC Truck Float

A study was made by AFC staff with advisors' advice.

It was found not economically feasible for AFC to enter into a

trucking operation because of the tremendous capital investment required for an effective system and the high cost and difficulty of AFC operating in competition with private operations. Some further consideration will be made to AFC operating a few trucks for related deliveries justified as operating necessities.

6. Bag Requirements for Mazar UREA

Advisors developed specification for required bags and made pertinent contacts with international suppliers. Responsibility shifted to Ministry of Mines and Industry, which conducted actual procurement.

* 7. Other

Advisor prepared procedures and responsibilities statement for Regional Supply and construction staff, including reporting procedures.

AFC's freight forwarding contracts and in-transit control documents have been revised to increase controls and provide better communication of necessary information. Advisor drafted contract and control documents, and sat in on negotiations.

Advisors report and discuss regularly with Afghan Management and staff the conditions in the port of Karachi and the availability of rail transport as these conditions may be expected to effect importation of Fertilizer.

(C - 1 - a ; C - 2 - a ; C - 3 - a)

Item IV. General Management

IV-1. Office Management and Administrative Procedures

- a) AFC Administration and Management: JCI/21 Dec. 1974

Outlines briefly basic principals of management for AFC Executive Committee guidance.

- b) Communications #3 - Procedure for Improving Company Communications: JGH/2 June. 1975: AFC require-

ments for reporting systems outlining suggested format.

- c) Outline for Annual Business Plan: JGH/31 May, 1975

This paper was presented to the Agricultural Chemical Department for purposes of establishing a marketing plan for ag. chemicals.

- d) Annual Sales Planning: JGH/30 June, 1975. This procedure was developed for use by AFC regional offices. The outlines requirements to establish sales and budget forecasting.

- e) Outline for Long Range Planning: JGH/12 July 1975.

Prepared for Executive Committee for their thinking on long range planning inputs including base objectives for a several year period including strategy, action program, other.

IV-2. AFC Expansion into Allied Fields:

- a) Project Proposal for an AFC Trucking Company: JGH/7

January, 1975. An outline of necessary inputs to evaluate the feasibility of an AFC trucking or transportation facility.

b) Project Proposal For Agricultural Chemical Distribution

JGH/7 Nov., 1975: This paper sets up the basis to determine feasibility of the project; the objectives to be achieved, the strategy to be used and the specific procedures for planning.

c) Proposed Procedures for the Marketing of Agricultural Chemicals JGH/14 Apr. 1975 - This paper outlines

the basis for coordination between the Ministry of Agriculture, the Ag. Bank and AFC reference to agricultural chemical distribution.

d) Agricultural Chemical Marketing: JGH/22 Apr. 1975 -

Establishes the initial procedure to initiate a distribution and marketing program.

e) Pesticide Project - JGH/10 May, 1975 - A brief

memorandum on establishing a training schedule for personnel to be assigned to the ag. chemical division.

f) Principal Insects Requiring Control : June 17, 1975-

The purpose of this paper was to establish base recommendations for the control of cotton insects.

g) Agricultural Chemicals - Cost of Good Budget - JGH/24

June 1975 - Base for the agricultural chemical annual budget.

h. AFC 7 year Plan for Agricultural Chemicals and Veterinary Medicines : 21 July, 1975: A detailed year by year

schedule of objectives to be achieved in distribution, training, market-

ing, other.

i) Planning Program - Agricultural Chemicals: 22 July, 1975

This memorandum supplements the above paper and outlines in detail action steps to be taken.

j) Feasibility Studies Relating to the Agricultural Chemicals Section of the Seven Year Plan: 3 Aug. 1975 -

Pesticide formulation and blending plant.

k) Agricultural Chemical Training Program: 16 Aug. 1975-

Outline for crop protection and pesticide use Training Course.

IV - 3. AFC Relationship to Foster and Develop Sound and Meaningful Cooperation with Ministries

a) Draft of a letter to the Deputy Minister of Agriculture - Afghan Fertilizer Company JGH/8 Sept. 1975 - In reply to questions by Mr. Fazel Rahim Rahim which outlines the basic structure of AFC, its aims and objectives.

b) The advisors assist in drafting of letters and documents for various ministries and to USAID relative to AFC operations. Under normal circumstances communication with the Afghan Government is handled by the Executives Committee but we have participated in numerous meetings with sub-divisions of various Ministries.

IV-4. Feasibility Studies for Additional Fertilizer Facilities

a) Fertilizer warehouse construction - reference to World Bank financing - see Supply & Distribution report.

b) Laboratory Facilities for AFC , 20 July, 1975 - Purpose of this paper is to outline procedure for securing a grant or loan to construct laboratory facilities.

c) Outline for the Seven Year Plan - Balk and Blending Fertilizer Facilities, 21 July, 1975 - Paper has been prepared by the Marketing Department.

IV -5. Overall Coordination

The Chief Advisor coordinates all activity of the AFC advisors with the Executive Committee. The advisors work independently with their departmental counter parts but report on a daily basis on activities.

* IV - 6. Other (a) Numerous reports, memorandums and verbal communications are relayed to the Executive staff. These includes: (b) MAC (Management Advisory Committee) meetings are generally held once a week for discussion of activities, problems and solutions thereof. (c) A monthly sales analysis report is prepared for management information on current monthly and year to date sales and brief analysis of actual against forecast and of the previous year sales against current sales. (d) Periodic analysis of supply and pricing trends in the international trade. (e) Technical reports on various crops i. e. wheat cotton, sugar beets; on cultural practices of the Afghan farmer and modification thereof Study of Urea costs Mazar Urea Plant.

(f) Periodic reports are made to Management on the international supply of fertilizer. Sources of information are: Broker reports, Fertilizer Institute, Trade Magazines. (g) Information has been requested from several sources including broker monthly analysis of the market and magazines such as Farm Chemicals, Fertilizer Progress, other. (h) Attendance at international meetings have been recommended to management including Fertilizer Institute, ISMA, other. Cost to company prohibits this function. (i) A file of information on fertilizer markets, production, prices, and trends has been established within the Marketing department including articles from trade magazines, correspondence and others.

A-3. Comparison of Targets and Tasks With Actual Achievement.

EXHIBIT I presents the table entitled, "Basis for Advisor Evaluation" dated May 18, 1975 in a modified format. In this revised format, each specific task has been numbered for easy reference. By cross references, the work accomplishment statement set forth in Section A-2 above, we can summarize the actual achievements of the advisory team in carrying out the tasks listed in EXHIBIT I as follows.

- TASK-A-1-a. Develop Uniform Regional Accounting System. Complete. See Item I-2 in subsection A. 2.
- TASK A-1-b. Establish Program Interim for Training of Accounting Personnel. Partially complete. See Item III-9.
- TASK A-2-a. Make Recommendations for Inventory Control System. In early stages. See Item I-i.
- TASK A-2-b. Design Reporting Systems For Financial Control Data. Partially complete. See Items I-2, I-4, and I-7.
- TASK A-2-c. Prepare All Financial and Accounting Procedures for Translation for Regional use. Complete. See Items I-1, I-2, and I-7.
- TASK A-3-a. Conduct Computer Study With Possible Trial Runs. In early stages. See Item I-8.
- A-3-b. Procedures for Total Budget Control. Design complete, but see Item I-4.
- A-3-c. Train Regional Accounting Staffs Through Headquarters Programs. Partially complete. See Item A-9.
- B-1-a. Design Retailer Evaluation System. Complete. See Item II-3.
- B-2-a. Design Procedures for Fertilizer Demonstration and Sales Promotion. Complete. See Item II-9.
- B-2-b. Retail Sales Training Program. Partially complete. See Item II-2.
- B-3-a. Design Procedures for Upgrading Retailers Through Incentive Programs. Complete. See Item A-9.
- B-3-b. Design AFC Marketing Manual. Complete. See Item A-9.
- B-3-c. Design Communications System for Marketing Information Flow Among Districts, Regions, and Headquarters. Partially complete. See Item II-9.
- C-1-a. Develop Information Reporting System for Regional Supply/Distribution Personnel. Complete. See Item III-7.
- C-2-a. Assess Information on Port Logistics in Connection With Importation of Fertilizer. Ongoing. See Item III-7.
- C-2-b. Design Procedures For Rail and Truck Movement of Product. Complete. See Item III-7.

EXHIBIT I

BASIS FOR ADVISOR EVALUATION: Revised Format

| FIRST QUARTER Targets by March 1975 | SECOND QUARTER Targets by June 1975 | THIRD QUARTER Targets by November 1975 | Related AFC TARGETS |
|---|---|--|---|
| A. <u>Finance</u> | A. <u>Finance</u> | A. <u>Finance</u> | A. <u>Finance</u> |
| A-1-a Develop Uniform Regional Accounting System | A-2-a Make recommendations for inventory control system | A-3-a Conduct computer study with possible trial runs. | A-4-a Financial & Account- ing system should be suffi- cient to handle one billion afs. in sales on an up-to- date basis. |
| A-1-b Establish Criteria for training of accounting personnel | A-2-b Design reporting systems for financial control data | A-3-b Design procedure for total budget control. | A-4-b Creation of an annual business plan and operational budget for 1955. |
| | A-2-c Prepare all financial and accounting procedures for translation for regional use. | A-3-c Train regional ac- counting staffs through headquarters programs. | A-4-c Regional accounting coordinated with headquar- ters accounting. |
| B. <u>Marketing</u> | B. <u>Marketing</u> | B. <u>Marketing</u> | B. <u>Marketing</u> |
| B-1-a Design retailer evaluation system | B-2-a Design procedures for fertilizer demonstrations and sales. | B-3-a Design procedures for updating retailers through inceptive programs. | B-1-a 300 active retailers |
| | B-2-b Retail sales training program . | B-3-b Design AFC marketing manual | B-4-b 78,000 tons of fertilizer sales |

EXHIBIT I (continued)

| FIRST QUARTER Targets by March 1976 | SECOND QUARTER Targets by June 1976 | THIRD QUARTER Targets by November 1976 | RELATED AFC TARGETS |
|---|--|--|---|
| C. Supply and Distribution | C. Supply and Distribution | C. Supply and Distribution | C. Supply and Distribution |
| C-1-a Develop uniform Reporting system for Regional supply/distribution personnel (III-7) | C-2-a Assess information on port logistics in connection with importation of fertilizer. C-2-b Design procedures for rail and truck movement of products. C-2-c Complete warehouse evaluation. | C-3-a Design format of statistical data base on urea product movement from Mazar plant by province and by month. C-3-b Recommend division of responsibilities for distribution between AFC and Mazar plant. C-3-c Formulate contingency plan to meet in-country requirements in event of failure of current supply source. | C-4-a Fertilizer available throughout the country. C-4-b Control systems will insure sufficient supplies to meet distribution needs. |
| D. General Management & International Procurement | D. General Management & International Procurement | D. General Management & International Procurement | D. General Management & International Procurement |
| D-1-a Analyze trends in fertilizer production, logistics, and prices | D-2-a Identify information sources on fertilizer availability, supply and trends. D-2-b Recommend industry meetings to be attended. | D-3-a Establish a compendium of addresses, personnel contacts, and other information on supplies. | D-4-a AFC international procurement system internalized. |

- C-2-c. Complete Warehouse Evaluation. Complete. See Item III-4.
- C-3-a. Design Format of Statistical Data Based on Urea Product Movement by Province and by Month. Complete. See Item III-1 and Item III-3.
- C-3-b. Recommend Division of Responsibility for Distribution Between AFC and Nazar plant. Complete. See Item III-3.
- C-3-c. Formulate Contingency Plan to Meet In-Country Requirements in Event of Failure of Current Supply Sources. Not started. See Item III-3.
- D-1-a. Analyze Trends in Fertilizer Production, Logistics, and Prices. Ongoing. See Item IV-6.
- D-2-a. Identify Information Sources on Fertilizer Availability, Supply, and Trends. Ongoing. See Item IV-6.
- D-2-b. Recommend Industry Meetings to Be attended. Complete. See Item IV-6.
- D-3-a. Maintain Compendium of Addresses, Personnel Contacts, and Other Information on Supplies. Ongoing. See Item IV-6.

B. Work Objectives, Advisor Relationships, and Future Advisory Services.

B-1. Targets and Tasks. As shown in the previous section, the targets and tasks set forth in "Bases for Advisor Evaluation" have been largely achieved. Tasks which are presently incomplete can be finished by the end of the contract. Where targets have not been met, the tasks have been deferred because of other priorities or constraints external to AFC. For the most part, problems of relationships between AFC advisors (discussed below) were not responsible for delays in meeting targets.

B-2. Relationship Between Advisors and AFC Counterparts. On balance, relationships between advisors and their counterparts have been adequate. To some degree, the sensitivities resulting from the shift in the roles of Afghan staff and the Checchi Team which occurred in September have continued. Nevertheless, the chief sources of strain in the relationships have been certain external and internal limitations under which AFC operates: close government supervision, pressures to revert to more traditional modes of operation, less active USAID Mission involvement, and the like.

B-3. Mode of Operation. On an overall basis, about 70 per cent of the time of the advisors has been devoted to providing advice and rendering assistance on operating and policy problems which arise in a day-to-day context. About 30 per cent of their time is devoted to assignments or projects of a more sustained character. In general, the advisors are more likely to undertake assignments on their own initiative for middle management or regional personnel. Assignments for the Executive Committee are more frequently of a formal nature.

B-4. Degree of Acceptance of Advice

The advisors' advice usually receives ready acceptance when rendered to regional and middlemanagement personnel. When advice is rendered at the Executive Committee level acceptance is more selective and more likely to be subject to modification. There is a clear distinction between accepting advice and implementing recommendations. There certainly have been cases where advisor's advice has been fully accepted but where the actions recommended by the advisors have not been implemented. as a result of a variety of external and internal constraints.

B.5. Estimate of Need for Advisory Services.

We foresee a need for a four-man team, for a period of 24 months:

| <u>Position</u> | <u>Duties</u> | <u>Qualifications</u> |
|---|--|---|
| Financial Management Advisor, Chief of Party. | Should serve as staff assistant to President of AFC; Provide training to top and middle management staff in financial management and financial planning techniques; principal liaison with AIF. | M. B. A. or equivalent. Experience in responsible financial management positions, preferably at financial vice-president or corporate treasurer; three or more years' experience in developing countries desirable. |
| Financial Advisor | Should establish a training department and program for the accounting personnel. Should provide advice to Finance Director in all phases of accounting. Should work to upgrade established procedures and regional accounting. Should work on setting up a computer program for inventories, sales and accounts receivable. | B. A. in accounting, experience in C. P. A. office or work as a controller in a corporation. Prior experience in Accounting in developing countries desirable. |

Note: The positions of Marketing/Physical Distribution Advisor and Pesticide/Agrochemical Advisor are set forth at bottom of page: 25 and on page 26.

B.6. Training Outside Afghanistan

Current requirements for international training have been formulated to make best use of an AID training grant to AFC of \$42,000. AFC has chosen to emphasize on-the-job training of relatively short duration (2 to 6 months). Ten trainees have been selected for training in Finance and Accounting, and in Marketing. It is anticipated that approximately ten additional employees will receive on-the-job training in Supply and Logistics, Management, and Administration during the remainder of 1976.

We believe that AFC's principal emphasis on on-the-job training is well conceived, and deserves further refinement. As trainees return from their foreign assignments, AFC should determine the effectiveness of the training given by various institutions.

AFC has rather substantial training requirements. In terms of AFC's needs, the principal constraint is its own requirement for management and operations continuity. In general, the upper limit for foreign training for any given operating unit at any given time would be about 10 per cent of its trainable staff.

B.7. Training Within AFC

Actual and potential categories of training within AFC include the following

1. Learning by doing, with guidance.
2. Training programs related to the dissemination of procedures and policies.
3. Formal training, including classroom instruction, designed to upgrade the general capabilities of the staff.
4. Training Afghan selected staff to transfer their knowledge and skills to others by means of training.

To date, training within AFC has been limited to the first two categories. Within limitations dictated by AFC's operations responsibilities, it would be highly desirable to initiate training activities in the second two categories. In particular, it would be desirable to identify and utilize existing members of the staff whose background skills suit them to conduct formal training sessions.

| Positions | Duties | Qualifications |
|---|---|--|
| Marketing and Physical Distribution Advisor | Should provide advice on marketing systems policies affecting retailers, pricing, advertising, transportation, warehousing, procurement forecasting, and projected distribution system improvement. | B.S. or equivalent in agriculture or marketing. Ten or more years in fields fertilizer marketing, storage, logistics, and procurement, and related industry areas. |

Positions

Duties

Qualifications

| | | |
|-------------------------------------|--|--|
| Pesticide and Agrochemicals Advisor | <ul style="list-style-type: none"> • Advise in initiating, planning, and managing the Agchem. Division. • Participate, guide and assist in supervising a market research program for AFC entry into the market. • Assist in preparation of sales and financial forecasts. • Prepare product slate for purchase/formulation . • Assist in preparation of promotional and educational material. • Develop necessary training programs. • Assist in establishing marketing and price policies. • Prepare an operating budget. • Assist in P/L responsibility. | <p>B.S. degree in biological sciences or equivalent. Experience in business operations, merchandising of agricultural chemicals including market research, product and sales promotion and market planning is essential. Should have worked in an underdeveloped country for at least 3 years.</p> |
|-------------------------------------|--|--|

ADDENDUM

Item II. MARKETING.

II-1. Sales Forecasting.

Steps have been taken to prepare a Sales Forecast for the year 1355, with the active participation of Regional Marketing staff and also to develop a means of collecting much needed crop data from the various provinces. Such steps are intended to help Marketing Head Office to formulate a Sales Forecasting System on a more realistic basis. It is envisaged that these data and statistics will be discussed at future meetings and seminars of marketing staff before finalization of sales targets for 1355. Memo dated 23/2/75 regarding desired action and also relevant forms prepared in Persian for the purpose.

* II-2. Sales and Technical Training Programs

Sales promotion and technical training methods suggested. Complete promotional programs dated 11/2/74 and subsequent memos dated 2/8/75 and 23/2/75 are pertinent. Provided advice on content of seminars held in August-September 1975 (B-2-b).

* II-3. Retailer Performance Evaluation.

A complete evaluation and a system of filing relevant information was completed by May 1975. The system should be put to good use to improve the distribution outlets. (B-1-a).

II-4. Analysis of Marketing Staff Needs.

A detailed analysis of Marketing manpower requirements, wage costs and related facilities for a period of 7 years was completed in June 1975. From time to time we have assisted Marketing management staff in evaluating their personnel performance.

II-5. Analysis of Fertilizer Consumption by Crop.

As indicated at 1 above, action has already been taken to collect crop statistics without which no analysis of fertilizer use on specific crops could be ascertained.

II-6. Fertilizer Consumption

This item discussed in connection with Item III-1 in the text.

II-7. Study of Fertilizer Credit Programs

Constructive criticism, suggestions for improvement, necessary flow charts and assistance in training field personnel have been provided during both Cotton and Wheat Credit programs.

See Flow Charts prepared for different programs.

II-8. Sales Reporting by Province and Belloswal.

Relevant forms were prepared and are presently in use for this purpose.

II-9 Other

(A) Action has been taken to organize retailer demonstrations and competitions to be used as a tool for sales promotion and also train retailers in improved agricultural practices. Having knowledgeable retailers as AFC representatives in the villages could be a significant step towards establishing a systematic method of fertilizer promotion. Along with these efforts we are urging marketing staff to promote fertilizer use through visual aids, farmer meetings, competition, school programs, radio programming, and field days. Particular suggestions have been made on each of these matters.

(B) In the first instance a detailed system for evaluation of retailers was set up to assist Marketing for use for upgrading those retailers who are performing well and efficiently.

(C) The proposed marketing manual is a compilation of numerous procedures, memorandums, outlines of marketing techniques that have been presented to AFC staff for approval. All documents have been prepared and presented to Management for approval, translation, and dissemination.

(D) In designing communications systems for facilitating flows of marketing and statistical information among districts, regions, and headquarters, the advisors have concentrated on informal clarification of responsibilities and reporting channels.

(B-2-a; B-3-a; B-3-b; B-3-c)